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(U) CHINA: SOME INSIGHTS INTO
TOP-LEVEL DECISIONMAKING

(C) Summary

Decisionmaking under Chairman Deng Xiaoping has a number of peculiarities that have significant implications for the political process in the post-Deng era. The longstanding judgment has been that Deng remains central to the policy process in China. Although he apparently turns over much day-to-day responsibility to party General Secretary Hu Yaobang and Premier Zhao Ziyang, Deng himself remains the major initiator of new policies, and his prestige and intervention often are crucial to having a policy adopted.

Despite Deng's centrality to the process, decisionmaking in China is probably more "collective" than it was under Mao Zedong. With a few exceptions, Deng has been constrained by the attitudes and opinions of his senior colleagues and by the consensual style of leadership in the post-Mao period. For the most part, Deng does not appear to have forced his wishes over intense top-level opposition as Mao often did.

On some issues, the process of consensus building either breaks down or is ignored. Deng, for example, appears to have used his considerable authority and bureaucratic skill to force through the decision to "open" 14 cities over the objections of a number of powerful colleagues, including party elder and senior economist Chen Yun. By contrast, apparently recognizing the need for consensus behind major decisions, Deng seemingly has declined to force the issue of Hu's succession to the chairmanship of the Military Commission. This change, rumored for some time, reportedly was delayed by serious opposition within the military.

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These and other conclusions about decisionmaking in China emerge from seven important case studies dealing with major issues of national-level concern (see appendices)

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In most of the cases examined, a top leader--most often Deng--initiates a major policy idea and turns it over to second-ranking subordinates--usually Hu and Zhao--for staffing. They in turn assign one of their subordinates to see to the details.

During the process of finalizing a decision, leaders undertake extensive fact-finding investigations and hold numerous meetings. Documents are redrafted repeatedly, often going through more than 10 versions. Wide-ranging input is fed into the process, including the opinions of experts and non-communist party political figures. Foreign input, especially that of overseas Chinese, sometimes is sought. Leaders often use leaks to the press, internal leaks, and comments to foreigners to influence the outcome of a decision under discussion.

Policymaking within the leadership remains a process of hammering out consensus. All organs with a stake in the outcome of a decision seek to be represented in the shaping process. As a result, policymaking on major issues tends to be a rather protracted and time-consuming process, full of bureaucratic wrangling and political arm twisting. The pressure for consensus decisions, however, often results in "least common denominator" policies which please no one, duck the most controversial issues, and avoid including the most contentious measures. Despite the consensual nature of policymaking, Deng occasionally has pushed through a policy over significant opposition. This high-risk strategy seldom seems to yield a stable policy outcome.

The continued centrality of Deng also raises the key question of who can replace him. Neither Hu nor Zhao seems to have the political authority with which Deng pushes decisions to a conclusion nor does Hu, as party boss, display Deng's consensus-building and coalition-building skills. A more senior leader--Chen Yun or Peng Zhen, for example--could emerge in the post-Deng era as principal shaper of the policy agenda if Hu and Zhao fail to grow to fill the role. Alternatively, the process could become even more "collective," with the possibility that major initiatives would become lost "in committee."

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(LOU) Continuity in the Decisionmaking Process

In most respects, the top-level decisionmaking process in China is very similar to the process prevailing since 1949, except perhaps for the period at the height of the Cultural Revolution. A top leader suggests a policy initiative, discusses it with Politburo (or Politburo Standing Committee) colleagues, who charge a second-ranking leader with following through. The policy initiator often will not again become involved in the process for a period of months, when he is presented with a third, fourth, or fifth draft for comment.

The second-ranking leader, in turn, hands over the day-to-day supervision of the process of staffing and drafting a decision to a third-ranking leader who sets up a drafting group, commissions position papers and studies, undertakes investigations and experiments, and begins the drafting process. Although the second-ranking leader(s) remains active throughout the process, the third-level official--Gu Mu, in the case of the 14 cities, Hu Qili in the education reform document, Song Jian in the science reform decision, and apparently Tian Jiyun in the Seventh Five-Year Plan proposal--takes the political heat for the top leadership both during the drafting process and later, if problems develop.

As part of the decisionmaking process, leaders undertake extensive investigation and go on numerous fact-finding trips. During the drafting process, they hold numerous meetings, debate and discuss issues, and draft and redraft their proposals. The education reform document, for example, went through 11 drafts and the Seventh Five-Year Plan proposal was passed in its eighth version. The leadership holds extensive consultations, both formal and informal, with a wide range of officials, experts, and politically influential figures, including nonparty dignitaries, specialists and, occasionally, foreigners, particularly overseas Chinese. In the process, they attempt to hammer out a consensus. A series of top leadership meetings then prepares a "final" draft decision which subsequently is ratified by the appropriate body.

The case studies support the notion that the Politburo's role has been significantly reduced. Politburo Standing Committee members retain predominant influence but appear to exercise it through

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informal channels rather than formal meetings of the Politburo or its Standing Committee. The Politburo does meet infrequently to put its stamp of approval on decisions before they are submitted for ratification by the Central Committee, State Council, or National People's Congress.

(LOU) The Role of Deng Xiaoping

Notwithstanding recent efforts to groom successors to top leadership positions, Deng remains central to the decisionmaking process in China. In most of the following cases, Deng was the principal source of major policy initiatives: He reportedly tabled the idea of Special Economic Zones and suggested "opening" a number of coastal cities; the impetus for educational and scientific reform came from Deng during his tenure as Zhou Enlai's principal deputy from 1973 to 1975; and economic reform and leadership rejuvenation both have been closely associated with Deng since his return to power in 1977. Indeed, of the seven cases examined, only the proposal for the Seventh Five-Year Plan, a recurring and routine task, cannot be linked closely to Deng's personal initiative.

Although there are other major decisions that probably can be tied to the initiative of other top leaders--Chen Yun's association with the 1980-81 retrenchment, for example--no other leader appears to have anything like Deng's stature as a shaper of the leadership's agenda. Even on such key "conservative" issues as eliminating "spiritual pollution" and cracking down on crime and corruption, Deng was closely associated with the initial policy decision. His motivation in some cases may be unclear, but his authority in enunciating the direction of top-level policy is manifest.

Deng's continued central role in the political process goes beyond policy initiation. His support and intervention often seem to be keys to having a decision adopted. Deng's authority and his adeptness in building consensus and maintaining coalitions often appear crucial to having controversial policies adopted and implemented. As Hu Yaobang told a Hong Kong journalist in May 1985, "With Comrade Deng Xiaoping taking charge, it is sufficient for him to say one sentence, but we [Hu Yaobang and Zhao Ziyang] have to say five sentences." Deng, however, remains constrained by the views of his senior colleagues and the need to assure the compliance of officials and organizations that will be charged with carrying out policy, as well as by a consensus within the leadership that the destruction of collective decisionmaking was one of Mao's chief faults.

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(LOU) The Roles of Hu Yaobang and Zhao Ziyang

Hu and Zhao, although of growing stature and importance in the political process, remain executive officers under Deng. In each of the following cases except the "open" cities, Hu and Zhao jointly were tasked by the "Central Committee"--in practice, probably meaning the active members of the Politburo Standing Committee: Deng, Chen Yun, President Li Xiannian, Hu, and Zhao--with overseeing the staffing of the studies related to a decision proposed by the top leaders. Although their subsequent role as process supervisors gives them substantial influence in shaping the nature of a final decision, neither Hu nor Zhao appears to have a major voice in proposing new policy initiatives.

(LOU) Input Into the Decisionmaking Process

All seven case studies reveal remarkably widespread input into the shaping of policy decisions, although high-level party personnel decisions understandably appear to be the most circumscribed. Relevant officials, departments, and localities usually are included in the drafting process for such programmatic decisions as the educational and scientific reform documents and the Third Plenum decision on urban economic reform, and expert opinion frequently is sought in research institutes, think tanks, universities, mass organizations, and noncommunist political parties.

Leaders personally undertake fact-finding tours in the provinces, often holding symposia and briefings. They often supplement their information by sending their minions on investigative trips and by commissioning experiments, studies, and position papers. As many as 1,000 people may become involved during the shaping of a major policy decision.

Communist party leaders are careful to consult with and brief all politically relevant segments of society during the decision-making process and to brief them before major policy decisions are unveiled. Input from these "nonparty" sources apparently sometimes does make a difference in shaping the final decision.

(S/NF) Foreign Input

Chinese leaders are sensitive to, and try to anticipate, both the impact of their policies on relevant foreign actors and the likely impact of the outside world on the implementation of their policies, even on issues almost exclusively "internal" in nature. In the cases of the educational and scientific reform documents,

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for example, the Chinese sought but the expert opinions of influential overseas Chinese. When formulating the guidelines for the Seventh Five-Year Plan, they attempted to gauge the international economic and business climate including the likely availability of foreign investment and the probable market situation for expansion of Chinese exports.

Hammering Out Consensus

(LOU) Not unexpectedly, the case studies reinforce the traditional notion that Chinese politics is a process of consensus building. Decisionmaking, as revealed in these cases, is an iterative process of almost endless meetings, draftings, and staff work. Heated discussions and debates appear to be the norm, from the working level all the way up to the Politburo and Secretariat.

(S/NF) The composition of the working group or drafting group for a decision--usually about 7-10 persons--remains important. Interests with a major stake in the outcome of the decision seek to be represented in the body overseeing the shaping of the decision, while opponents attempt to keep them out. The Chinese Academy of Sciences, which has resisted the thrust of current reforms to emphasize applied technology over basic research, does not appear to have been well represented in the process of drafting the decision on science reform. By contrast, the group examining name lists for proposed Central Committee membership during summer 1985 included a diverse organizational and political representation.

(S/NF/NC/OC) Similarly, the choice of think-tanks, research institutes, and staff agencies that perform the actual drafting and provide the backup for decisions is both important and highly political. In many cases, the "action agency" seems obvious. The State Planning Commission, for example, wrote the first drafts of the Seventh Five-Year Plan proposal, the Ministry of Education drafted the first two versions of the education reform document, and the State Science and Technology Commission wrote the first drafts of the science reform document. In some cases, however, dissatisfaction with the efforts of the action agency may result either in another organization taking over responsibility or in the forming of a new body to handle the matter. Thus, for example, the education reform document may have been taken away from the Ministry of Education, a known opponent of many of the provisions of the final decision.

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(LOU) The iterative process of debate and compromise often helps hammer out consensus, but the result often is a vague, internally inconsistent product that serves to confuse bureaucrats charged with implementing it. One example of such an outcome appears to be the Third Plenum decision on economic reform which is replete with compromise language and qualifiers.

(LOU) High-Risk Policymaking

Occasionally, a leader forces through an issue rather than rely on the consensus-building process, but this high-risk approach often is not successful. Almost since the day the 14-cities decision was announced, the "open door" policy has come under increasing fire, forcing Deng to concede during summer 1985 that the Special Economic Zones are "experimental," and bringing about a slowdown in the implementation of measures to make the cities more attractive to foreign investors. Deng may have chosen to force this issue out of a combination of deep commitment to the "open door" and frustration over attacks on the policy by his more conservative colleagues in the guise of a campaign to eliminate "spiritual pollution"--but the result has been an unstable policy.

(S/NF/NC/OC) Leaders' Attempts To Influence the Process From "Outside"

Throughout the process of shaping a final decision, leaders try to influence the outcome by bringing outside pressure to bear. In some cases, this takes the form of selecting "model" areas for investigation which are likely to turn up evidence favorable to the policy position being argued by the investigator or sponsor. In other cases

it takes the form of picking an investigator predisposed to finding what the sponsor wants to hear.

Leaders also attempt to influence the outcome of decisions by leaking information, either openly through the media--including the foreign press--or through internal channels.

Zhao's June 1 public denial that major top-level leadership changes would take place, and a number of comments by Deng in interviews with foreign visitors during spring and summer 1985 are indicative

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of methods used to leak information to influence decisions not yet finalized.

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Prepared by Christopher M. Clarke
632-1343

Approved by Louis G. Sarris
632-1179

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Appendix A

Case Study: The "Open Door" - Opening 14 Cities

(U) Special Economic Zones

The decision to "open" 14 coastal cities announced in April 1984 has its antecedents in the complicated process of deciding to open China to the outside world, a decision apparently taken in principle at the crucial Third Plenum of the 11th Central Committee in December 1978. Although not specifically mentioned in the plenum's communique, the policy of opening to the outside was very much in tune with the tenor of the plenum's decisions on economic matters and with a series of economic and foreign trade policies associated with Deng Xiaoping as far back as 1973-74.

Shortly after the Third Plenum, staff work apparently was undertaken to examine specific measures for implementing the general policy of opening to the outside world. This resulted in the convocation of a central work conference in April 1979 at which Xi Zhongxun (at the time, Guangdong provincial party first secretary and governor) and Yang Shangkun (Guangdong second secretary, vice governor, and Guangzhou mayor) spoke on measures to take advantage of Guangdong's natural advantages, including proximity to Hong Kong and Macao, ties to a large and widespread overseas Chinese community, and a relatively well-developed foreign trade infrastructure.

At the meeting, Deng proposed the idea of establishing "special economic zones" and drawing on foreign investment to supplement insufficient Chinese funds available for development. Soon thereafter, possibly between mid-May and mid-June,^{1/} the State Council and Central Committee dispatched a work team led by then-Vice Premier Gu Mu to conduct investigations in Guangdong and Fujian and to discuss the issue of running special economic zones with leaders of the two provinces. On July 1, 1979, the National People's Congress (NPC) passed a law on foreign-Chinese joint ventures. In the same month, the Central Committee and State Council issued a document delimiting experimental "special zones

^{1/} (U) Gu Mu, who generally appeared in public every two or three days between March 1 and May 10, 1979, was not recorded as appearing between May 10 and June 12, at which time he resumed his usual pattern. He also did not appear between July 1 and July 12.

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for export" in Xiamen in Fujian; and Shenzhen, Zhuhai, and Shantou in Guangdong.

After almost another full year of investigation, experimentation, and staff work, the Central Committee and State Council in May 1980 issued a document formally naming the zones "special economic zones" (SEZs). This was followed by a spate of legislation, passed by the NPC in summer and fall 1980, including the August regulations for the Guangdong zones.

During 1981 and 1982, the "open door" policy was caught between further experimentation and legislative clarification and a conservative-inspired economic retrenchment, along with calls--most authoritatively by party elder Chen--to "sum up experiences" in the zones. During 1982 and 1983, a number of leaders including Hu, Zhao, Ye Jianying, and Li Xiannian visited one or more of the SEZs. Chen, significantly, did not.

Spring and summer 1983 represented another period of forward momentum in implementing the "open door" policy. During the Spring Festival, Hu inspected Shenzhen and expressed his approval. The "spiritual pollution" campaign in late 1983, however, left the leadership of the zones questioning whether Deng and other patrons of the "open door" policy would continue to support the SEZs. It was in this atmosphere that the decision to "open" 14 coastal cities was initiated.

Fourteen Cities

(LOU) With the leadership bitterly divided over the goals and implications of the "campaign to eliminate spiritual pollution," Hu, Zhao, and senior Vice Premier Wan Li reportedly appealed to Deng to clarify his speech, made at the 12th Central Committee's Second Plenum in October 1984, which had unleashed the movement.

(S/NF/NC/OC) Among the issues was the fate of the SEZ program.

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2/ (U) Hu visited Yunnan January 23-26, 1983, returning to Beijing not later than February 4. He was not noted as appearing in Beijing between April 2 and 24, between August 9 and September 19, and between October 30 and November 14. Given the currency of the "spiritual pollution" issue and the difference in weather between Beijing and Guangdong in November, Hu may have gone south during the latter period.

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(S/NF/NC/OC) Both supporters and opponents of the SEZ policy sought to bolster their case by dispatching personal staff or family members on fact-finding tours.

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The reformers probably also made use of data supplied by supporters or relatives, such as Zhao's son, who are permanently stationed in the zones. Not to be outdone, the conservatives also dispatched investigation teams

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(S/NF/NC/OC)

B1

Deng traveled south between January 24 and February 17, 1985, accompanied by Politburo members Yang Shangkun and Wang Zhen.

(C/NF) Yang, formerly in charge of Guangzhou and instrumental in the "opening" of Guangdong during the late 1970s, had become Deng's executive officer in the Military Commission and, as such, was responsible for justifying the SEZ policy to a generally skeptical and conservative People's Liberation Army (PLA). Wang Zhen, an old personal and family friend of Deng, apparently had parted company with him over the issue of "spiritual pollution" and seemingly had used his strong connections in the PLA and his presidency of the Central Party School to bolster the conservative position.

(S/NF/NC/OC)

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Comments to Deng by Shenzhen Mayor Liang Xiang, as reported by the well-connected Hong Kong magazine Cheng Ming, reflect considerable apprehension that Deng would not like what he found.

(S/NF/NC/OC)

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Apparently much happier with the situation in the Zhuhai SEZ opposite Macao, Deng wrote a public inscription stating that "The Zhuhai SEZ is

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Good."

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(U) Whatever doubts Deng had, he apparently concluded that more, rather than less, opening to the outside was the solution. Upon return to Beijing on February 17, Deng convened a forum of "leading comrades" on February 24 to discuss running the SEZs better and to broaden the opening to the outside.

(U) According to official Chinese media accounts, at the February 24 forum Deng issued "an extremely important guiding idea," namely to open the country further by expanding the size of the Xiamen zone and opening a number of new places, including some coastal cities, to foreign investment on preferential terms. Understandably, the forum witnessed "heated discussions," in the words of the Chinese official account.

(U) Having decided in principle to open new areas, the State Council and Secretariat began in late February and March to make specific arrangements, draw up details, and prepare for a follow-on meeting. This second forum convened between March 26 and April 6, attended by 90 representatives from Tianjin, Shanghai, Dalian, Yantai, Qingdao, Ningbo, Wenzhou, Beihai, Hainan Island, and the four SEZs and by a number of provincial and national party and government officials.

(U) With Hu and Zhao presiding, the forum was the scene of "extremely vivid and lively" debate, by the official Chinese account. Although the Shekou industrial zone in Shenzhen was

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singled out for praise, especially for its adoption of modern management techniques, in an apparent concession to the conservatives, delegates to the forum also were called upon to learn from Shanghai. The forum's final summary called for further relaxation of investment policies for foreigners and extension of management rights and decisionmaking powers to localities. Symbolizing his support for the forum's decision, Deng appeared at the forum's closing ceremony for a "photo opportunity," accompanied by President Li.

(U) The final word had not been said, however. On April 30, an enlarged Politburo meeting was held to discuss the minutes and summary report of the second forum, attended by members of the Politburo, Secretariat, State Council, Central Advisory Commission, and other organs. Again "heated discussions" ensued. It may have been at this meeting that Chen Yun again raised his objections and suggested that only eight, rather than the proposed 14, cities be opened. Chen's views were overridden, according to a report in Cheng Ming; and in the official Chinese account, the Politburo unanimously decided to adopt the minutes and summary of the forum and to open Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai, as well as Hainan Island and the four existing SEZs.^{3/}

^{3/} (U) It is not clear when the number of cities was set at 14. According to one story, there were originally 13 cities designated for opening, but Jiangsu Governor Gu Xiulian, a former subordinate of Deng as long-time vice chairperson of the State Planning Commission, appealed to Deng to include at least one city in the key province of Jiangsu, and Nantong was added to the list.

(U) It is also not clear why Chen reportedly argued for eight rather than 14 cities. One suspects he favored those cities best equipped to handle foreign investment. On this basis, his list likely would have included Dalian, Tianjin, Qingdao, Shanghai, Fuzhou, Guangzhou, and possibly Zhanjiang. His longstanding favoritism toward his native east China, however, may have inclined him especially to the inclusion of Wenzhou and Ningbo as well.

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Appendix B

Case Study: Decision of the CPC Central Committee on
Reform of the Economic Structure, October 1984

(U) The origins of the decision to publish a comprehensive document on economic reform remain obscure. The concept dates at least to 1973-74 when, under Zhou Enlai's general guidance, Deng Xiaoping supervised the drafting of what were called by his opponents the "three poisonous weeds": "Some Questions on Accelerating the Development of Industry," "Outline Summary Report of the Work of the Academy of Sciences," and "On the General Program for the Work of the Whole Party and the Country." The first attempt at a more or less comprehensive statement of Deng's post-Mao economic policy was the December 1978 communique of the Third Plenum of the 11th Central Committee.

(U) Between 1979 and 1982, the leadership wrestled with a series of complex economic and political problems as they experimented with methods of improving economic performance. In July 1979, the State Council set up a State Financial and Economic Commission (SFEC) to reassess the economic strategy embodied in the February 1978 10-year economic program enunciated by then-party Chairman and Premier Hua Guofeng. Dominated by relatively conservative economic administrators, the SFEC called for a "readjustment" and slowdown of reform.

(U) Possibly partly as a counterweight to the conservative tone of the SFEC, in 1980 the State Council set up a System Reform Office which, according to one knowledgeable expert, was tasked to draft a comprehensive plan for economic system reform. In the highly factionalized political environment of this period, when Deng was maneuvering to remove Hua Guofeng, the plan met with so many objections that it was scuttled and reportedly was not forwarded to higher authorities.

(U) The decision to revive the idea of a comprehensive plan for reform may have occurred during the late 1981-early 1982 resurgence of reform momentum which resulted from Chen's draconian "readjustment" of 1980-81. In May 1982, as part of the reformers' successful effort to rejuvenate and streamline the bureaucracy and remove many of their opponents, the State Council set up a Commission for Restructuring the Economic System and abolished the SFEC. The new organ was much more powerful than its 1980 antecedent, ranking at the level of the planning and economic commissions

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where the System Reform Office had been a subministerial agency. Moreover, Premier Zhao himself would serve as chairman of the Commission.

(U) The Commission was now tasked with drafting a comprehensive reform document which, it was expected, would serve as the underpinning of the Seventh Five-Year Plan due to begin in 1986. As Premier, Zhao would not be able to devote full time to the activities of the Commission or to the drafting of the reform document. He would rely heavily on his hand-picked staff. Zhao's senior deputy on the Restructuring Commission would be Bo Yibo. Although generally thought to be more conservative than Zhao, especially on such social issues as "spiritual pollution," Bo had supervised the restructuring of the machinery industry over the previous several years, implementing such controversial reforms as transferring excess military production capacity to civilian use, encouraging greater specialization of factories and integration of industries into corporations, and devolving more decisionmaking authority onto factory managers and enterprise officials. In addition, Bo's record in the 1950s suggests that he may have been uncomfortable with the slow growth strategy of readjustment.

(S/NF/NC/OC) Although perhaps not entirely in tune philosophically

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] Bo may serve as a personal conduit between Zhao and the reformers and more conservative elements such as Chen, with whom Bo has worked for more than 30 years.

(U) Also assisting Zhao at the Commission were four other leaders with successful reform records. An Zhiwen, as minister of the Sixth Ministry of Machine Building, supervised the "corporatization" of the shipbuilding industry and the transformation of his ministry into a for-profit company. Du Xingyuan, an old Zhao associate from Sichuan, was the Premier's right-hand man as secretary general of the State Council. Tong Dalin, a science administrator, had played a major role in restructuring the State Science and Technology Commission and the Chinese Academy of Sciences between 1979 and 1982, and Zhou Taihe, Bo's former deputy at the State Machine Building Industry Commission, was instrumental in the "civilianization" of idle military production capacity.^{1/}

^{1/} (U) Zhou Taihe was also Chen's personal secretary until 1962 and, like Bo, may have served as an unofficial conduit to Chen on the Commission's activities.

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(U) The five vice chairmen of the Restructuring Commission, in turn, apparently tasked out the staff work for the document on comprehensive economic reform to a number of working-level economists, bureaucrats, and scientists in government-affiliated think-tanks. They may have commissioned specialized studies from such components of the Chinese Academy of Sciences as the Industrial and Economic Research Institute, and certainly consulted with such top economists as Chinese Academy of Social Sciences President Ma Hong and State Council adviser Xue Muqiao. Much of the staff work, however, apparently was performed within four of the State Council's six or eight resident think-tanks, including the Techno-Economic Research Center, the Economic Reform Research Institute, the Economic Research Center, and the Price Research Center.

(U) It is not known exactly who were the members of the drafting group for the document or when the group was formed. By early 1984, however, the document apparently had gone through several drafts. Between March and May, the leadership held a number of meetings to discuss various aspects of the reforms, including a State Council-sponsored conference in March on reform of the construction industry and a late April conference of directors and deputy directors of local construction bureaus to solicit last-minute suggestions before the leadership drafted Zhao's work report for the upcoming NPC.

(U) From April 16 to 25, the leadership convened a symposium, "Experimental Economic System Reform in Selected Cities," held in Changzhou, to discuss the experiences of Shashi, Changzhou, and Chongqing and their potential applicability on a wider scale.

(U) The mid-May second session of the sixth NPC, especially Zhao's work report, showed that thinking about comprehensive economic reform--and presumably the process of drafting the reform document--was far advanced. Zhao's report detailed the results of work in previous months on reforming the construction industry and outlined plans for comprehensive changes in the commercial system. Shortly after the NPC session, the leadership convened yet another national conference in Beijing, this one to discuss more broadly issues of urban economic reform.

(U) Throughout this spring upsurge of reform activity, the party apparatus attempted to mobilize theoreticians and propagandists to find justifications in the Marxist literature for the reforms and to explain both their necessity and "orthodoxy." Coming on the heels of the "spiritual pollution" campaign, this effort occasioned a great debate in the public media, including

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the publication of the first volume of Chen's selected works and a spring blizzard of commentary on his thinking.

(U) These discussions and debates also were carried on at the top level during a series of summer meetings. In late July or early August, a draft of the decision on economic reform apparently was circulated to senior party cadres in the form of a central document in order to solicit opinions. Later in August, the senior leadership met at their seaside vacation resort at Beidaihe where, according to the usually well-informed Cheng Ming, Hu, Zhao, Wan Li, and others argued in favor of the necessity and urgency of comprehensive reform. They were opposed by a more orthodox group--probably including Hu Qiaomu, Deng Liqun, and Yao Yilin and supported by Chen and Peng Zhen--who argued that decentralization should not go too far or reform proceed too fast. Deng Xiaoping was said to have "stood aloof" as the debate took place.^{2/}

(U) A secret, informal preparatory meeting for the forthcoming Third Plenum was held, possibly an expanded Politburo Standing Committee meeting, a month before the October 1 National Day, according to Cheng Ming.^{3/} Good staff work by the reformers and an alleged groundswell of support on the part of recipients of the draft reportedly put the conservatives on the defensive. The meeting hammered out a compromise favorable to the reformers, and a "final agreement" was reached on a revised draft of the decision. With a leadership consensus achieved, a formal preparatory meeting for the plenum, possibly an expanded Politburo meeting, was called. Convened during October 14-19, the meeting again examined and revised the document, now in its fifth or sixth draft, and ratified it for submission to the full Central Committee.

(U) Almost simultaneous with the formal preparatory meeting were meetings with about 100 representatives of other Chinese political parties, "people's institutions" (likely mass organizations

^{2/} (S/NF/NC/OC) This meeting may have been, or may have been in conjunction with, the expanded Secretariat meeting referred to in one account as being held in early or mid-August to discuss preparations for the Third Plenum. As of that time, firm dates for the plenum reportedly had not been set.

^{3/} (U) This meeting may have been held shortly before September 5. On that date, Politburo and Secretariat member Xi Zhongxun told visitors that the central authorities had worked out "an important document" to be presented to the Central Committee "soon."

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such as the trade unions and women's federation), and prestigious nonpartisans. Hu Yaobang told one such meeting that their suggestions had been incorporated into revisions of the document. Altogether, some 1,000 people took part at various stages in drafting, revising, examining, and commenting on the draft decision on economic reform.

(U) On October 20, 1984, one day later than Vice Premier Wan Li had earlier announced, the Third Plenum convened and, in a session reportedly lasting less than 90 minutes, ratified the decision on economic reform in either its seventh or eighth revision. The apparent one-day delay in convening the plenum may have been to allow inclusion of revisions suggested by the preparatory meeting or the meetings with nonparty officials, or both.

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XI
(LOU) Appendix C

Case Study: Decision of the CPC Central Committee on
Reform of the Educational System, May 1985

The idea for comprehensive reform of the scientific and educational systems also can be traced to Deng Xiaoping in the period 1973-75. More specifically, however, Deng personally took charge of initiating educational reform almost immediately upon his rehabilitation in July 1977. The leadership convened a forum on science and education work, August 4-8, 1977, which was attended by leading officials from central and provincial science and education departments and 33 noted scientists and professors. At this conference, Deng revealed that he had "volunteered to take charge of science and education, and the central authorities have concurred." In March 1978, Deng presided over a National Science Congress that called for a number of reforms. Over the next five years, Deng repeatedly took a personal interest in the development of reforms in the science and education sectors.

Momentum for drafting a document on comprehensive educational reform appears to have derived in part from at least two sources: the process of developing the comprehensive plan for urban economic reform which was due to be unveiled at the Third Plenum expected for autumn 1984; and the need to do preliminary staff work for the Seventh Five-Year Plan, which was in early stages of discussion throughout 1984.

The first stage of detailed thinking about educational reform may have come out of the process of drafting the April 1984 "Report for Speeding Up Development of Higher Education," a joint product submitted to the State Council by the Ministry of Education and the State Planning Commission. The State Council approved the report and circulated it to relevant agencies, apparently incorporating its contents into the State Council's "1983-87 Development Plan for Higher Education."

With this basic staff work and fact-finding accomplished, the October 1984 Third Plenum discussed comprehensive science and education reform and put on the leadership's agenda the drafting of two Central Committee decisions, one each on reform of science and education.

In early November, shortly after the plenum, the central leadership tasked Hu and Zhao with setting up a science and education reform leading group and drafting groups for the

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documents.^{1/} Hu was in charge of the nine-man group which almost certainly included, in addition to Hu and Zhao, Wan Li, Secretariat member Hu Qili, and Minister of Education He Dongchang. Bo Yibo also may have been on the leading group; if not, he almost certainly acted as adviser to it. In addition, Zhang Wenshou, a deputy secretary general of the State Council, and Zhou Gucheng, chairman of the NPC's Education, Science, Culture, and Public Health Committee and vice chairman of the Chinese Peasants and Workers Democratic Party Central Committee, may have been group members.

The drafting group for the education reform document held its first formal meeting on November 14, 1984, to discuss an "initial design" for the decision proposed by Hu Yaobang. After group discussions, the task of drafting the first version was turned over to He Dongchang and the Ministry of Education. During the preliminary stages, according to a highly authoritative Chinese account, "many leading comrades" at the central level "gave instructions, made comments on the document, and spent much of their energy on drafting it." Among the "leading comrades" who played a personal role at this stage likely were Hu, Zhao, Wan Li, Hu Qili, and He Dongchang. Notably, evidence suggests that Chen also took an interest, especially over the issue of pay raises for teachers.

Not long after the drafting group's first meeting, Secretariat member Hu Qili, who apparently was put in charge of the drafting process, undertook a two-week fact-finding tour of four provinces. In each province, he discussed educational reform with party, government, and educational officials and educators. On November 20, in the company of State Council Deputy Secretary General Ai Zhisheng and Vice Minister of Education Zhang Wensong, Hu Qili convened a symposium on educational reform in Hefei, Anhui, as part of a 3 1/2 day stay in that province. November 26 found the group discussing the issue in Nanjing, Jiangsu, and another educational

^{1/} Although there was apparently only one leading group for both science and education, it is not clear whether one group or two drafted both documents. The content of the decisions and the bureaucracies involved are sufficiently different and the timing of publication of the two decisions far enough apart to suggest that there were two different groups. Moreover, at least the first two versions of the educational reform document were drafted by the Ministry of Education, also suggesting that the two documents were handled through different channels.

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reform symposium was held in Nanchang, Jiangxi, on November 28. Hu capped off his investigative mission with a brief stay in Guangdong.

Upon returning to Beijing, Hu Qili prepared a briefing and reported the findings of his trip to members of the Politburo Standing Committee, probably including at least Deng, Hu Yaobang, and Zhao and possibly Li Xiannian and Chen as well. The Standing Committee approved his report in principle.

Between November 14, 1984, and March 9, 1985, the Ministry of Education had prepared two drafts and the drafting group at least a third. During the March NPC session, a draft--either the third or fourth--was circulated to members of the party Central Committee and some delegates to the NPC. Their recommendations apparently then were incorporated into a fourth or fifth draft.

During March and April, nine eminent Chinese-American scientists and educators were invited to a forum in Beijing to discuss the document, then in its fifth or sixth draft. Their comments and suggestions were included in yet another draft. At about the same time, during mid-April, the Central Committee's General Office circulated the fifth draft of the education reform document to "all localities and departments throughout the country" for comments and opinions. More than 300 proposals were received in response. As a result of these and other fora, convened by central and provincial leaders to brief eminent educators and representatives from noncommunist political parties, the drafting group was into its eighth revision of the document by early May.

On May 3, the party Secretariat, with a number of nonmembers attending, met to discuss the eighth draft. Hu Yaobang, Zhao, and Bo took leading roles, with Hu raising the issue of nine years of mandatory schooling and the need for modernizing outmoded teaching methods. The Secretariat went over the draft "word by word and sentence by sentence," according to a semiofficial account.

Also in early May, the Chinese sent a delegation of experts to the US to discuss the eighth draft with a number of Chinese-American educators. With the results of these consultations and the detailed comments of the Secretariat, the drafting group prepared a ninth version.

On May 13, Hu again convened the Secretariat, apparently to discuss the findings of the delegation to the US and to examine the drafting group's ninth effort. Over the next two days, the drafting group produced a 10th revision and the leadership held a

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preparatory meeting for the forthcoming National Educational Work Conference where the document presumably was to be discussed.

On May 15, the National Educational Work Conference began its six-day session. Almost the entire Politburo attended, and Deng, Wan Li, and Hu Qili gave speeches. The leadership submitted the 10th draft of the decision on educational reform to the more than 600 delegates representing national and local officials, educational administrators, colleges, and minority political parties. During the week after the conference closed on May 20, the drafting group prepared an 11th and final version. This 11th draft was submitted to the Politburo on May 27 and passed without change. It was published as the "Decision of the CPC Central Committee on Reform of the Educational System" the next day.

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Appendix D

Case Study: Decision of the CPC Central Committee on Reform of the Science and Technology Management System, March 13, 1985

(U) The genesis and process of drafting the decision on comprehensive reform of the science and technology sector was parallel to, and in some respects identical to, that of the educational system reform decision. The two issues apparently both were discussed at the October 1984 Third Plenum and put on the leadership's agenda. The same leading group apparently supervised the drafting of both documents, although separate drafting groups probably did the actual work.

(U) In the case of the S&T document, the State Council's Science and Technology Leading Group may have acted as supervisory body. It included Zhao, former State Science and Technology Commission (SSTC) Chairman and Politburo member Fang Yi, State Planning Commission (SPC) Chairman Song Ping, Minister of Education He, State Economic Commission (SEC) Chairman Lu Dong, Chinese Academy of Sciences (CAS) Vice President Yan Dongsheng, Minister of Labor and Personnel Zhao Shouyi, and Chen Bin, chairman of the National Defense Science, Technology and Industry Commission.

(S/NF) the steering committee included representatives of the SSTC, SPC, SEC, Ministry of Defense, various industrial ministries, and the China National Research Center for Science and Technology. The document's actual drafting group apparently was heavily dominated by the State Science and Technology Leading Group and reportedly consisted of about 20 bureaucrats and working-level experts. CAS--China's center for basic and theoretical research and SSTC's rival--reportedly was not very well represented, although both Yan Dongsheng and Zhou Guangzhou, CAS vice presidents, were on the working group. B1

(C/NF) In late 1984 it apparently was to set up a new body, the State Commission for Science and Technology System Modification (SCSTSM), to coordinate these various activities and to draft the later versions of the document begun by the SSTC. Song Jian, the new SCSTSM chairman, convened its first meeting on January 6.

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Under the overall aegis of the leading group, and the

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supervision of the drafting group, the responsibility for writing the initial drafts of the document went to the SSTC which, in turn, parceled out specific aspects of reform to a series of specialized working groups. Sections of the document drafted by these groups are said to have been rewritten as many as 10 times before being put together in one draft decision.

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(S/NF) At the same time, between December 1984 and early March 1985, the leadership convened a series of technical meetings at the national and provincial levels to consider S&T policy reforms. The Chinese Academy of Sciences, for example, held a meeting to discuss the SSTC's proposals. CAS personnel reportedly were not satisfied and were highly critical of the ideas in the draft.

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(C) During the drafting process, Wu Mingyu served as liaison between the various agencies and working groups involved. Wu informed Song Jian of progress along the way, and Song reportedly passed revisions and drafts up to Premier Zhao a number of times. Zhao, in turn, showed several of the drafts to Hu Yaobang.

(C) By February 15, the document apparently was almost complete and ready for submission to the forthcoming National Scientific and Technological Conference. The conference was held March 2-7 in Beijing with Deng, Hu, Zhao, Li Xiannian and most other members of the Politburo in attendance. Zhao outlined the reforms in his speech on March 6. After yet another set of revisions, the decision on reform of the S&T system was published on March 13.

(S/NF) The leadership set up an informal group of experts to explore major issues left unanswered by the document or the

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deliberations of the national conference. Among the issues to be discussed were US-China relations, transfer of technology from research laboratories to industry, the viability of foreign research development models for China, technology intensive zones, foreign direct investment, and theoretical versus applied research.

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Appendix E

Case Study: CPC Central Committee Proposal
on the Seventh Five-Year Plan, September 1985

(U) Preliminary staff work and thinking about the Seventh Five-Year Plan almost certainly began as soon as the Sixth Five-Year Plan was near final form in 1982. The later stages of staffing out the proposal during winter-spring 1984-85, however, likely got caught up in the leadership tension over economic problems at the turn of the year and wrangling over leadership changes to occur at the September 1985 party representative meeting.

(U) Actual drafting work on the Central Committee's proposal apparently began in spring 1985, possibly in March. The Central Committee, probably meaning in practice the active members of the Politburo Standing Committee, assigned Hu and Zhao jointly to be "personally in charge" of drafting the proposal. In turn, they set up a document drafting group nominally under the party Secretariat but including key State Council officials.

(U) Although the composition of the drafting group for the proposal is unknown, circumstantial evidence suggests that State Council Secretary General and Vice Premier Tian Jiyun may have been in day-to-day control. His subordinates likely included Vice Premier Yao Yilin, Song Ping, Lu Dong, SSTC Chairman Song Jian, Gu Mu, and possibly representatives from the Commission for Restructuring the Economic System, the National Defense Science, Technology and Industry Commission, the Ministry of Labor and Personnel, the Ministry of Education, and other agencies. Yuan Mu, deputy secretary general of the State Council's Central Financial and Economic Leading Group, also may have been involved.

(U) Yet another group of working-level bureaucrats and experts, probably centered in the State Planning Commission, likely did the actual drafting with the assistance of such think-tanks as the State Council's Techno-Economic Research Center, the Economic Reform Research Institute, the Secretariat's Rural Policy Research Center, and the Development Strategy Research Center under the Restructuring Commission. Researchers, specialists, scholars, and theoreticians from these and other institutions served as an "outside brain trust" to the drafting group, according to the Chinese.

(U) With the drafting of the proposal entrusted to the drafting group, top party and state leaders spread out across China and traveled to at least nine foreign countries on fact-finding trips.

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The purpose of the overseas travel was at least partly to "study the international environment for China's economic development in the period of the Seventh Five-Year Plan and to weigh China's economic structural reform in the 'balance' of world economic experiences," in the words of one semiofficial account.

(U) As part of the leadership's effort to gauge the international environment, Hu visited Australia, New Zealand, Samoa, Fiji, and Papua New Guinea in April; NPC Chairman Peng Zhen traveled to Japan in April; and Zhao toured the United Kingdom, West Germany, and the Netherlands in June. The leadership's internal fact-finding trips included at least a February 1984 trip to Yunnan by Hu; a trip to Anhui and Henan in March by Vice Premier Li Peng; trips in March and April to Shandong and Hebei by Tian Jiyun; Wan Li's January visit to Fujian, Guangdong, and Hubei and his March-April tour of Henan, Anhui, and Shandong; and trips by Zhao in February to Shanxi, Heilongjiang, Liaoning, and Jilin and in April to Wuhan.

(S/NF/NC/OC) The level of controversy over the proposal never became apparent in public, nor is it obvious in the final document, which appears to represent a clear-cut and significant vindication of the reformist program. The process of drafting it, however, may have been much more contentious, even acrimonious.

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(U) Working out of an office in the western suburbs of Beijing, the drafting group received a steady stream of trip reports, academic papers, suggestions, comments, and directives

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from these various sources and incorporated them into a series of drafts. By June, a fourth draft had been prepared and was deemed ready for submission upward and distribution outward for discussion and comment.

(U) Within a few weeks, comments had been forwarded through the drafting group to the Secretariat, and in early July the Secretariat held two successive plenums, presided over by Hu Yaobang, to discuss the fourth draft "word by word" and to examine the various comments and suggestions. Incorporating the results of these two meetings, the drafting group prepared a fifth version.

(U) Shortly thereafter, apparently in mid-July, the leadership convened a week-long meeting in Beijing to discuss the draft proposal, involving some 207 representatives of the Communist Party, central government, and military and a number of economists, scientists and engineers, local authorities, managers of large enterprises and mines, and social scientists. At the same time, the fifth draft was circulated to all provinces, each of which was to hold a meeting similar to the national one in Beijing to discuss the proposal. The draft also was sent for comment to all members of the Central Committee, Central Advisory Commission, and Central Discipline Inspection Commission.

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(U) Altogether, more than 1,000 people received the draft for comment or attended one of the meetings. Based on these comments, the drafting group prepared a sixth version during July and August. By late July and early August, the leadership had spread out to their various vacation resorts at Beidaihe and Qingdao and in Liaoning Province and apparently held a series of meetings to discuss both the proposal and the forthcoming leadership changes at the September party meeting. On August 20, the leadership reconvened in Beijing to hold an enlarged Politburo

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meeting at which the sixth draft was examined and discussed and unanimously approved in principle, according to an authoritative Chinese account.

(U) During several days of preparatory meetings before the September 16 Fourth Plenum, attendees engaged in "heated discussions" on the sixth draft passed by the Politburo. As a result, the document was quickly redrafted in a seventh version. After what could only have been a rather perfunctory examination, given the one-day length of the meeting, the Fourth Plenum passed the proposal "in principle" for submission to the full party conference. ;

(U) Apparently disagreements over the proposal forced further discussions over the next several days, as suggested by the plenum's qualified approval and the lapse of almost a week between Zhao's speech explaining the proposal on September 18 and its final approval. Sometime during these five days, an eighth version was drafted. It was adopted by the conference on September 23 and published the same day.

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(LOU) Appendix F

Case Study: Rejuvenating the Central Committee at the
Party Representative Conference, September 1985

According to top party officials and a semiofficial account of the September 1985 Party Representative Conference, a decision was made at the September 1982 12th Party Congress to hold an extraordinary, enlarged Central Committee session midway between the 1982 congress and the scheduled 1987 13th Party Congress. The purpose would be to readjust the membership of the Central Committee, Politburo, Secretariat, and other leading organs in order to lower the average age of members and increase their average educational and cultural level. Although preliminary thinking and staff work--and intensive jawboning and arm twisting--probably have gone on since 1982, concrete preparations apparently began in early 1985, shortly after the end of the October 1984 Third Plenum.^{1/}

By February 1985, the central leadership had issued a circular on preparatory work for augmenting the Central Committee. Most likely all central agencies, provincial and municipal authorities, and a wide variety of cultural, scientific, and technical organizations received the circular, which probably outlined methods for nominating candidates for promotion, criteria for elevation, and deadlines for response. These organs apparently had about three months to prepare their submissions and forward them to Beijing.

^{1/} The extensive overhaul--in several waves, of central government, military, and provincial leaderships between 1982 and the eve of the conference, and the promotion to high posts of virtually unknown Central Committee alternates during this period--suggests that the leadership undertook recurrent examinations between 1982 and 1985 of lists of promising candidates for inclusion on the revamped 1985 Central Committee. Many of those considered are probably on the 1,000-person "short list" of promising young cadres which the Chinese have mentioned publicly. The rapid elevation of others, including the new Xinjiang party secretary--only an alternate member--suggests that the leadership did not foresee all contingencies or anticipate all promotions.

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In order to coordinate the suggestions of various organizations and localities, the Central Committee set up a seven-person working group in May. This group, chaired by Hu, was tasked with guiding the work of departments and localities in "a great deal of painstaking work," probably centering on refining their recommendations and providing documentation and justification.

According to Hu, the group's members were Xi Zhongxun, Bo Yibo, Song Renqiong, Yu Qiuli, Qiao Shi, and Wang Heshou. With the exception of Qiao, these are all party elders of high standing and long and wide-ranging experience. Among them, they represent most of the top organs of power in the party and a wide diversity of political points of view. Most of them recently have been actively involved in personnel matters either in the party's Organization Department or its Commission for Guiding Party Consolidation (the rectification commission).

Xi, both a Politburo member and at the time the ranking member of the Secretariat after Hu, is a former NPC vice chairman and an adviser to the rectification commission. He is one of Deng's top executive officers and one of the few Politburo members with almost equal party seniority to Deng. Bo is permanent vice chairman of the Central Advisory Commission and former executive vice chairman of the State Council's Commission for Restructuring the Economic System. Song, then a Politburo member, is a former director of the Organization Department and an adviser to the rectification commission and had maintained an active interest in personnel issues and rejuvenation of the leadership over the last few years.

Yu, a member of both the Politburo and the Secretariat, is also director of the PLA's General Political Department and, as such, is responsible for military personnel matters. Qiao--at 61, the relative newcomer in the group--was an alternate Secretariat member and director of the party's Organization Department, thus responsible for party personnel matters. At the conference, Qiao was promoted to full Secretariat membership and awarded a seat on the Politburo. At the time, Qiao already may have been taking over some responsibility for the "political-legal" sector--i.e., security work--a portfolio he clearly had assumed before his replacement as Organization Department director by Wei Jianxing in early September.

Rounding out the seven-person group was Wang Heshou, a vice chairman of the rectification commission and, more importantly, Chen Yun's second-ranking deputy at the Central Discipline Inspection Commission. In this post, he not only served as Commission

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executive officer, therefore presumably handling its personnel matters, but was intimately involved in supervising the Commission's many investigations into corruption, immorality, or breaches of party policy by upper level party members or their families.

This seven-person group directed relevant departments to conduct thorough investigations and engage in extensive consultations on nominees for promotion, circulating a resolution on how the succession of new leaders should be accomplished. The group repeatedly examined and critiqued lists of candidates prepared by the localities and departments, presumably searching the party's extensive personnel and security files. It also conducted some surveys of "public opinion" about at least some of the nominations.

During this process, in May and June, the group repeatedly discussed drafts of the list of candidates. They examined and approved a letter requesting permission to retire signed by 64 Central Committee members and the request to resign by one more. In addition, the group drafted letters of commendation for retiring Politburo Standing Committee member Ye Jianying and Central Discipline Inspection Commission Second Secretary Huang Kecheng.

During the first 10 days of July, the seven-person group drafted a "final" list for submission to the top leadership. Both the Politburo and Secretariat discussed and revised the list several times, presumably in meetings during the leadership's customary working vacation at Beidaihe. After repeated reworking, a decision was made on the name list to be submitted to the party conference. Before the conference convened, a series of briefings was held, including one between September 10 and 12 involving about 100 top nonparty luminaries. Party leaders briefed attendees on the likely outcome of the forthcoming conference although they probably did not reveal much detail about impending leadership changes.

The name list, the report on requests for retirement, and the two letters of commendation were submitted to the Fourth Plenum on September 16. The plenum discussed all of the documents and approved the retirements and commendations. It forwarded the name list of the new Central Committee to the representative conference, which passed it on September 22.

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(S/NF/NC/OC) Appendix G

Case Study: Rejuvenating the Politburo and Secretariat,
September 1985

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